

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7259

BILL NUMBER: HB 1267

NOTE PREPARED: Feb 9, 2011

BILL AMENDED: Feb 8, 2011

SUBJECT: Drug Testing and Unemployment Benefits.

FIRST AUTHOR: Rep. Kubacki

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: ☒ GENERAL
☒ DEDICATED
☒ FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill provides that an individual who files an initial claim for unemployment benefits must be advised that the individual is disqualified for benefits if the person is found to have a positive drug test or refuses to submit to a drug test when the individual is required to undergo drug testing as a condition of an offer of employment. It specifies the manner in which a drug test specimen must be collected and how it is to be tested.

The bill provides that an individual who is otherwise eligible for unemployment benefits is disqualified for benefits if the individual is required to undergo drug testing as a condition of an offer of employment and the individual is found to have tested positive for drugs or refuses to submit to a drug test. It requires a prospective employer that receives a report of a positive drug test given on behalf of the prospective employer or that is aware that a prospective employee has refused to submit to a drug test must immediately report that information to the Department of Workforce Development.

The bill provides that the individual who is disqualified for unemployment benefits may resume eligibility for benefits upon submission of a negative drug test to the Department of Workforce Development.

The bill removes an outdated reference.

Effective Date: July 1, 2011.

Explanation of State Expenditures: (Revised) The Department of Workforce Development (DWD) could incur some minor expenses with the promulgation of rules concerning reported positive preemployment drug tests. DWD could also have some minor costs associated with notifying the individual that they will be

disqualified for benefits if they are found to have a positive drug test or refuse to submit to a drug test when they are required to undergo drug testing as a condition of an offer of employment. The impact would probably be minor.

The impact on the state would be as an employer and also as the administrator of the Unemployment Insurance Trust. The state is a self-insurer. The state reimburses the trust for claims payments made, so a reduction in claims is a direct reduction in state costs.

The bill could also reduce expenditures from the Unemployment Insurance Trust if benefits are disqualified due to the claimant having a positive preemployment drug test. A reduction in the claims on an employer's account would decrease the claims to the account and increase their experience account balance and could reduce the employer rate in future years. The impact would depend on the number of claims that were disqualified.

Background: The state paid about \$4.6 M in FY 2010, \$4.1 M in FY 2009, and \$4.1 M in FY 2008 to the Unemployment Insurance Trust Fund as an employer.

The trust fund paid about \$1 B in CY 2010, \$1.9 B in CY 2009, and \$1 B in CY 2008 for unemployment benefits.

Explanation of State Revenues:

Explanation of Local Expenditures: The impact on local units would be as an employer and possible reduction in unemployment insurance claims.

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected: All.

Information Sources:

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